

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 10, 2009**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 10, 2009, commencing at 7:03 a.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Information Regarding the Building Division Cost Analysis Study (CD)

City Manager King briefly introduced the subject matter of the Community Development building cost analysis.

Interim Community Development Director Rad Bartlam provided a PowerPoint presentation regarding the Community Development cost analysis study findings for the Building Division. Mr. Bartlam specifically discussed fiscal analysis by project size, fully-burdened hourly rate calculations, comparisons to regional jurisdictions, sample projects with cost, current fees and current cost recovery, descriptions of costs, and comparison surveys.

In response to Council Member Johnson, Mr. Bartlam stated the turn around time varies from project to project, the building function never moves quick enough because every day costs money, and the easy answer for a quicker turn around is to add people, although that goes further away from cost recovery.

In response to Mayor Pro Tempore Katzakian, Mr. Bartlam stated that, since going to an enterprise fund a few years ago, the Community Development Department had a surplus in the first year and has been running in the deficit in the years thereafter. Mr. King stated it is important to remember that there was no specific exercise determining what the General Fund contribution should be for Community Development when it was switched over to an enterprise fund.

In response to Council Member Hitchcock, Mr. Bartlam stated the fees were last reviewed in 2004 and while most jurisdictions try to review annually it is difficult. Mr. King provided an overview of the table of valuations in the Building Codes, some jurisdictions adopting fees as proposed by the Uniform Building Codes, and the challenges that ensued with respect to charging more than the cost of the service.

In response to Council Member Hitchcock, Mr. Bartlam stated the City can charge for 100% of cost recovery for a project; although, the recovery may not necessarily be the 100% recovery for the department. Mr. King stated if there was a 100% department cost recovery, a situation may arise where the cost of the permit is equal to the cost for the project itself and a percentage recovery will likely be recommended as a result.

In response to Council Member Hitchcock, Mr. Bartlam stated generally speaking the General Fund contribution to Community Development should be approximately ten percent.

In response to Mayor Hansen, Mr. Bartlam stated operating costs may include training, consultants, rent, vehicles, gas, electricity, and other similar costs that are assessed to other departments.

In response to Mayor Hansen, Mr. Bartlam stated in his opinion the current deficit is attributable to the City not taking advantage of the good times with fully-burdened cost recovery and the down turn of the economy.

In response to Council Member Johnson, Mr. King stated the matter will likely be coming back for City Council consideration within the next month or so based on the schedule.

In response to Jeffrey Kirst, Deputy City Manager Jordan Ayers stated the surplus amount for the first year as an enterprise fund was approximately \$80,000. Mr. Kirst stated that, while it is difficult, there will need to be balance between peaks and lows in the business.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:35 a.m.

ATTEST:

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive information regarding the Building Division Cost Analysis Study

MEETING DATE: February 10, 2009

PREPARED BY: Community Development Department

RECOMMENDED ACTION: Receive information and make comments regarding the Building Division Analysis Study.

BACKGROUND INFORMATION: In October 2007, the Community Development and Finance departments prepared a Cost Analysis Study to determine the fully burdened cost of providing the various services within the Building Division. After meeting with the Building Industry Association of the Delta, it was determined that more detail was necessary in order to meet the current requirements for such analysis.

In August 2008, the City contracted with the firm MGT of America to prepare a cost of services analysis that would meet legal requirements and methodology outlined by the BIA. The analysis included 1) fiscal analysis by project size; 2) fully burdened hourly rate calculation; and 3) comparison analysis to similarly sized jurisdictions within our region. Once the draft study was completed, staff met with the Chief Executive Officer of the Building Industry Association of the Delta along with many of its members from Lodi. We discussed the Cost Analysis Study, answered members' questions and gave them several weeks to review the study.

Attached is a copy of the letter we received on January 30, 2009 from John Beckman of the BIA. The BIA found no errors in the assumptions, calculations or methods. The BIA feels that the analysis seems to have been conducted in a reasonable manner with a thorough investigation into actual cost to the City for services provided.

As the City Council will note, the current fee structure is not recovering the actual cost of service. As a result, a fee increase is justified to prevent the General Fund from subsidizing private development. Staff believes that there are at **least** three policy questions for the City Council to consider as outlined below:

Is the level of service provided adequate? Perhaps the first and most important question that should be asked relates to the level of service provided. In other words, are we doing a satisfactory job? The cost analysis that is being presented assumes that the number of personnel and the various functions that they carry out is appropriate for the amount of work currently undertaken.

What should be the percentage of cost recovery for the Division? Current cost recovery ranges from 22% - 93% depending on project valuation (page 4 of the MGT Study). As the Council is aware, the Division is part of the Community Development Fund. The Fund was set up as an enterprise in order to better balance the services provided with the revenues charged. It is not appropriate to collect the full cost of the Division through fee revenue as there is a percentage of the time that is devoted to providing service to the general public. This amount of time should be compensated for by the General Fund as a


APPROVED:  _____
Blair King, City Manager

transfer. It is our opinion that approximately 10 percent of the overall cost is related to non recoverable expense.

What should be the timing of a fee increase? This third question assumes that some increase is necessary given the answers to the previous questions, so the question is how quickly the increase should take place? We will propose that some incremental increases take place over the next year, but the full amount may be an economic deterrent at the wrong time.

FISCAL IMPACT: N/A

FUNDING AVAILABLE: N/A

A handwritten signature in dark ink, appearing to read 'Konradt Bartlam', is written over a horizontal line.

Konradt Bartlam
Interim Community Development Director

Attachments:

1. Fee Study
2. BIA Letter
3. MGT of America Company profile

Cost Analysis Study Findings

Building Division
City of Lodi

January 2009



455 Capital Mall, Suite 600

Sacramento, CA 95814

Tele: 916-443-3411

Fax: 916-443-1766

www.mgtamer.com

MGT Sacramento
455 Capitol Mall
Suite 600
Sacramento, CA 95814
p: (916) 443-3411
f: (916) 443-1766
www.mgtofamerica.com



January 11, 2009

Mr. Dennis Canright
Building Official
City of Lodi
221 W. Pine Street
Lodi, CA 95240

Dear Dennis:

We have completed our draft analysis of the cost of providing building inspection and plan check services to the Lodi community. This study was conducted in accordance with California Government Code 66014 cost principles. Our report includes the following three components:

1) Fiscal analysis by project size (page 4). This schedule displays the results of our analysis. Each valuation threshold, from \$500 projects up to \$1,000,000 projects, was evaluated to determine if the fee currently charged is sufficient to recapture costs expended. The results indicate the City's fees are set below cost, especially for low valuation projects. Actual cost recovery ranges from 23% to 93%. Time motion calculations are provided in the appendix on page 10.

2) Fully-burdened hourly rate calculations.

The MGT rate model builds indirect costs into the division's hourly rate structure. The proper identification of labor hours as either "direct or indirect" is crucial to the objective of full cost recovery. Indirect labor can be thought of as supervisory or clerical whereas direct labor involves plan check or inspection. Because indirect labor cannot be traced to a specific unit of service and consequently cannot be "billed," indirect costs must be recovered whenever direct labor is billed. This practice is commonly referred to as building "fully burdened" labor rates. Failure to accurately identify indirect labor hours will result in annual revenues that produce less than full cost recovery.

- Personal Services Analysis (page 6) – this schedule lists each staff category within the Building division. Staff are categorized as either direct or indirect labor.
- Indirect Cost Rate Calculation (page 7) – this schedule establishes a ratio of indirect cost to direct salaries and benefits. The Building division's indirect cost rate is calculated at 141%. The five elements of indirect cost incorporated include:

- Indirect labor – administrative and supervisory staff costs.
 - Services and supplies
 - Community Development Admin – a portion of Community Development Administration costs are charged to the Building division.
 - Planning division support – 10% of the Planning division’s budget is allocated to the Building division for support provided.
 - Operating Reserve – City policy is to maintain a 15% operating reserve.
- Fully Burdened Hourly Rate Schedule (page 8) – Salary and benefit costs, plus a 141% indirect cost markup are divided by average annual billable staff hours to arrive at fully burdened hourly rates. A breakdown of the average billable staff hours are provided in the table below:

ANNUAL BILLABLE HOURS CALCULATION		
Hours	Description	Calculation
2,080	Total Annual Hours	52 weeks * 40 hours
96	Holidays	13.5 days * 8 hours
80	Vacation	2 weeks * 40 hours
80	Sick	12 Days * 8 hours
52	Daily Briefing/Staff Mtgs	52 weeks * 1 hours
177	Admin work & Breaks	10% of work day, 0.10 * remaining hours
40	Training	40 hours
1555	Annual Billable Hours	

3) Comparison analysis to regional jurisdictions (page 9). This table compares Lodi’s building fees to those charged by other regional jurisdictions. To facilitate comparison among many jurisdictions the fees are limited to building permit and plan check only. Each jurisdiction charges a set of additional fees that vary from one jurisdiction to another.

The figures presented in the comparison survey reflect a 'market basket' of what other cities charge for building services. It does not reflect each jurisdictions cost, as each jurisdiction may not be aware of their full cost and/or may consciously price their services above or below full cost

The jurisdictions included in the comparison analysis include:

- Manteca

- Modesto
- Stockton
- Tracy
- Turlock
- Vacaville

It has been a pleasure to work with your City staff. Feel free to contact me if you have any questions.

Sincerely,

Jeff Wakefield
Senior Consultant
MGT of America

CITY OF LODI
BUILDING DIVISION
 FISCAL 2008/09
 Fiscal Analysis by Project Size

Sample Projects	Full Cost ¹	Current Fee ¹	Current Cost Recovery %	Annual Number of Pmts (2 Year Avg)
\$500 valuation project				
Plan Check	\$264	\$42		
Inspection	\$193	\$65		
Total for Category	\$457	\$106	23%	18
\$2,000 valuation project				
Plan Check	\$279	\$58		
Inspection	\$406	\$90		
Total for Category	\$685	\$148	22%	149
\$25,000 valuation project				
Plan Check	\$367	\$328		
Inspection	\$784	\$505		
Total for Category	\$1,151	\$833	72%	53
\$50,000 valuation project				
Plan Check	\$415	\$540		
Inspection	\$1,213	\$831		
Total for Category	\$1,628	\$1,371	84%	49
\$100,000 valuation project				
Plan Check	\$845	\$833		
Inspection	\$1,427	\$1,282		
Total for Category	\$2,273	\$2,116	93%	136
\$500,000 valuation project				
Plan Check	\$3,774	\$2,712		
Inspection	\$6,113	\$4,172		
Total for Category	\$9,887	\$6,884	70%	19
\$1,000,000 valuation project				
Plan Check	\$6,265	\$4,703		
Inspection	\$8,684	\$7,236		
Total for Category	\$14,950	\$11,939	80%	3

Notes:

The Department is currently using 2005 building valuation factors. It is recommended that 2008 valuation factors be instituted.

Repeat unit dwellings will be assessed a plan checking fee of 25% of the building permit fee.

Reinstatement Fee: if a permit is not finalized within a two-year period, the permit must be reinstated. The reinstatement fee varies according to how complete the project is. The following schedule shall be followed for reinstatement fees:

Passed foundation inspection: 75% of original fee.

Passed frame inspection: 50% of original fee.

Passed drywall inspection: 25% of original fee.

MGT recommends institution of a Temporary Certificate of Occupancy fee of \$270.

MGT recommends institution of a Permit Extension fee of \$195.

MGT recommends a Change of Address/ Owner fee of \$135.

MGT recommends Application Revisions be charged on an hourly basis of \$135 per hour.

Hourly Rate: for services not specifically addressed an hourly rate of \$135 shall be charged.

MGT recommends the following services be charged on a flat fee basis:

Reroof - Residential	\$290	Spa	\$455
Reroof - Commercial	\$370	Mobile Home Setup	\$582
Pool	\$840	Water Heater	\$150
Pool & Spa	\$910		

1) Figures include structural, electrical, mechanical and plumbing services.

City of Lodi Building Fee Table

Current Fee Table

Valuation	Base Fee	Rate Per Unit
\$1 to \$500	\$50.00	
\$501 to \$2,000	\$50.00	\$1.30 per \$100*
\$2001 to \$25,000	\$69.50	\$14.00 per \$1,000*
\$25,001 to \$50,000	\$391.50	\$10.10 per \$1,000*
\$50,001 to \$100,000	\$644.00	\$7.00 per \$1,000*
\$100,001 to \$500,000	\$994.00	\$5.60 per \$1,000*
\$500,001 to \$1,000,000	\$3,234.00	\$4.75 per \$1,000*
\$1,000,001 and Up	\$5,609.00	\$3.15 per \$1,000*

*or fraction thereof over initial base amount

Plan Check Fee	65% of building permit
Disabled Access	5% of building permit
Energy	5% residential and 10% non-resid.
EMP Supplement	based on item count

CITY OF LODI
BUILDING DEPARTMENT
 FISCAL 2008/09

Personnel Services Analysis

			Indirect vs. Direct Activities				
Position Title		# of FTE	Annual Salary	Indirect Sal/Ben		Direct Sal/Ben	
				%	\$	%	\$
1	Administrative Secretary (50%)	0.5	\$39,078	100.00%	39,078		
2	Comm Dev Director (50%)	0.5	\$93,118	100.00%	93,118		
3	Administrative Clerk	1.0	\$62,679	100.00%	62,679		
4	Building Inspector II	4.0	\$350,105			100.00%	350,105
5	Building Official	1.0	\$146,427	100.00%	146,427		
6	Permit Technician	2.0	\$132,055			100.00%	132,055
7	PC Engineer	1.0	\$97,382			100.00%	97,382
8							
9							
10							
11							
12							
13							
Total:		10.00	\$ 920,844	37.06%	\$ 341,302	62.94%	\$ 579,542

CITY OF LODI
BUILDING DEPARTMENT
FISCAL 2008/09

Indirect Cost Rate Calculation

DESCRIPTION OF COST	Total Costs	Unallowable	Allowable Indirect	Allowable Direct										
A) Personnel Analysis:														
Salary and Wages	\$ 920,844		\$ 341,302	\$ 579,542										
Distribution %:	100.00%		37.06%	62.94%										
Temporary & Overtime	\$ 20,118			\$ 20,118										
Benefits	\$ -		\$ -	\$ -										
Subtotal:	\$ 940,962		\$ 341,302	\$ 599,660										
B) Other Operating Expenses:														
Professional Services	\$ 85,000			\$ 85,000										
Books & Periodicals	\$ 10,000		10,000											
Training & Education	\$ 12,000		12,000											
Other Materials & Supplies	\$ 51,354		51,354											
Postage & Cellular Phone Charges	6,400		6,400											
Subtotal:	\$ 164,754	\$ -	\$ 79,754	\$ 85,000										
Total Departmental Expenditures:	\$ 1,105,716	\$ -	\$ 421,056	\$ 684,660										
C) Cost Allocation Plan Allocations:														
September 2007 MuniFinancial Plan ¹	\$ 166,384		\$ 166,384											
10% of Planning Budget	92,487		92,487											
15% Operating Reserve	165,857		165,857											
Total Indirect Costs:	\$ 424,728		\$ 424,728											
D) Total Costs	\$ 1,530,444	\$ -	\$ 845,784	\$ 684,660										
<table> <tr> <td>Total Indirect Costs:</td> <td>845,784</td> <td></td><td></td><td></td></tr> <tr> <td>Total Direct Sal & Benes:</td> <td>599,660</td> <td></td><td>Calculated Indirect Cost Rate:</td> <td>141.04%</td></tr> </table>					Total Indirect Costs:	845,784				Total Direct Sal & Benes:	599,660		Calculated Indirect Cost Rate:	141.04%
Total Indirect Costs:	845,784													
Total Direct Sal & Benes:	599,660		Calculated Indirect Cost Rate:	141.04%										

1 Consists of support from: City Council, City Manager, City Clerk, City Attorney, Human Resources, Information Technology, Finance Revenue/Collections, Finance Accounting, Budget and Treasury, Non-Departmental and Facility Maintenance.

CITY OF LODI
BUILDING DEPARTMENT
 FISCAL 2008/09

Fully Burdened Hourly Rates

	Position	FTE	Annual Sal/Ben	Hourly		
				Sal/Ben	Overhead	Total
1	Administrative Secretary (50%)	0.5	\$ 39,078	\$ 50.27		
2	Comm Dev Director (50%)	0.5	\$ 93,118	\$ 119.78		
3	Administrative Clerk	1.0	\$ 62,679	\$ 40.31	\$ 56.86	\$ 97.17
4	Building Inspector II	4.0	\$ 350,105	\$ 56.29	\$ 79.40	\$ 135.69
5	Building Official	1.0	\$ 146,427	\$ 94.18	\$ 132.83	\$ 227.01
6	Permit Technician	2.0	\$ 132,055	\$ 42.47	\$ 59.90	\$ 102.36
7	PC Engineer	1.0	\$ 97,382	\$ 62.63	\$ 88.34	\$ 150.97
8						
9						
10						
11						
12						
13						

TOTAL: 10.00 \$ 920,844 _____

Hourly salary rate is calculated by dividing annual salary by 1555 productive hours.

Hourly overhead rate is applied to hourly salary/benefits.

COMPARISON SURVEY - CITY OF LODI

<i>Project Valuation</i>	<i>LODI (CURRENT FEES)</i>	<i>MANTECA (REVIEWING FEES)</i>	<i>MODESTO (REVIEWING FEES)</i>	<i>STOCKTON (REVIEWING FEES)</i>	<i>TRACY (REVIEWING FEES)</i>	<i>TURLOCK (REVIEWING FEES)</i>	<i>VACAVILLE</i>
\$2,000 Valuation Project	\$115	\$84	\$122	\$229	\$138	\$103	\$112
\$25,000 Valuation Project	\$646	\$517	\$533	\$1,290	\$662	\$578	\$572
\$50,000 Valuation Project	\$1,063	\$851	\$858	\$2,128	\$1,086	\$949	\$933
\$100,000 Valuation Project	\$1,640	\$1,312	\$1,305	\$3,280	\$1,663	\$1,464	\$1,433
\$500,000 Valuation Project	\$5,336	\$4,182	\$4,097	\$10,435	\$5,359	\$4,764	\$4,940
\$1,000,000 Valuation Project	\$9,255	\$7,257	\$7,100	\$18,089	\$9,278	\$8,270	\$8,558

Appendix - Fully Burdened Cost Calculations

Project:	Task	Staff	Hours¹	Hourly Rate	Fully Burdened Cost
\$500 valuation project	Plan Review	PC Engineer	1.75	\$150.97	\$264.20
	Inspection	Building Inspector	0.46	\$135.69	\$62.42
	Travel	Building Inspector	0.51	\$135.69	\$69.20
	Re-inspection	Building Inspector	0.45	\$135.69	\$61.06
					<u>\$456.89</u>
\$2,000 valuation project	Plan Review	PC Engineer	1.85	\$150.97	\$279.30
	Inspection	Building Inspector	1.9	\$135.69	\$257.82
	Travel	Building Inspector	0.84	\$135.69	\$113.98
	Re-inspection	Building Inspector	0.25	\$135.69	\$33.92
					<u>\$685.03</u>
\$25,000 valuation project	Plan Review	PC Engineer	2.43	\$150.97	\$366.87
	Inspection	Building Inspector	2	\$135.69	\$271.39
	Travel	Building Inspector	0.8	\$135.69	\$108.56
	Re-inspection	Building Inspector	0.68	\$135.69	\$92.27
	Issue Resolution	Building Inspector	2.3	\$135.69	\$312.10
					<u>\$1,151.18</u>
\$50,000 valuation project	Plan Review	PC Engineer	2.75	\$150.97	\$415.18
	Inspection	Building Inspector	4	\$135.69	\$542.78
	Travel	Building Inspector	1.64	\$135.69	\$222.54
	Re-inspection	Building Inspector	1	\$135.69	\$135.69
	Issue Resolution	Building Inspector	2.3	\$135.69	\$312.10
					<u>\$1,628.28</u>
\$100,000 valuation project	Plan Review	PC Engineer	5.6	\$150.97	\$845.45
	Inspection	Building Inspector	6	\$135.69	\$814.16
	Travel	Building Inspector	1.29	\$135.69	\$175.04
	Re-inspection	Building Inspector	1.23	\$135.69	\$166.90
	Issue Resolution	Building Inspector	2	\$135.69	\$271.39
					<u>\$2,272.95</u>
\$500,000 valuation project	Plan Review	PC Engineer	25	\$150.97	\$3,774.33
	Inspection	Building Inspector	17.8	\$135.69	\$2,415.35
	Travel	Building Inspector	4.25	\$135.69	\$576.70
	Re-inspection	Building Inspector	8.5	\$135.69	\$1,153.40
	Issue Resolution	Building Inspector	14.5	\$135.69	\$1,967.56
					<u>\$9,887.34</u>
\$1,000,000 valuation project	Plan Review	PC Engineer	41.5	\$150.97	\$6,265.39
	Inspection	Building Inspector	39	\$135.69	\$5,292.06
	Travel	Building Inspector	4.6	\$135.69	\$624.19
	Re-inspection	Building Inspector	4.9	\$135.69	\$664.90
	Issue Resolution	Building Inspector	15.5	\$135.69	\$2,103.25
					<u>\$14,949.80</u>

1) hours based on a sample of Permits Plus data.



ANNIVERSARY

CELEBRATING TWENTY YEARS
OF BUILDING EXCELLENCE

BUILDING INDUSTRY ASSOCIATION OF THE DELTA

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January 30, 2009

Rad Bartlam
City of Lodi
221 W Pine St.
Lodi, CA 95240

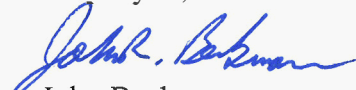
Rad,

On behalf of the members of the Building Industry Association I want to thank you for sitting down with us to discuss the Cost Analysis Study. The analysis seems to have been conducted in a reasonable manner with a thorough investigation into actual costs to the City for services provided.

We have found no errors in the assumptions, calculations or methods for preparing this fee update. Also we are pleased to know the City will be sensitive to the current conditions of the economy when implementing any fee increases.

One notable item learned in the analysis is the category of new development related to residential construction had the highest percentage of cost recovery out of all categories. This shows that new residential construction has been paying its fair share.

Thank you,


John Beckman
Chief Executive Officer

RECEIVED

FEB 03 2009

COMMUNITY DEVELOPMENT OEPT
CITY OF LODI

MGT OF AMERICA – COMPANY PROFILE

QUALIFICATIONS

Corporate: MGT is a national research and management consulting firm specializing in providing management and financial services to public-sector clients. Founded in Tallahassee, Florida in 1974, MGT has grown to include regional offices in Sacramento, California; Austin, Texas; and Olympia, Washington. The firm's staff of over 130 professionals brings a wealth of knowledge and depth of understanding to all client engagements, delivering the highest quality and timely services to clients.

Over the past 33 years, the firm has successfully served more than 3,200 clients in 48 states and several foreign countries. Our mission "to improve the efficiency and effectiveness of governments, nonprofits, and other organizations serving the public" is supported by the capacity to deliver an extensive range of services. These services include:

- ❖ Cost Studies
- ❖ Strategic Planning
- ❖ Performance Audits and Management Reviews
- ❖ Investigative Audits
- ❖ Performance Measurement & Management
- ❖ Program Evaluation
- ❖ Business Process Reengineering
- ❖ Information Technology Staff Augmentation

Cost Services Division: The firm recently acquired Public Resource Management Group, LLC (PRM), the fastest-growing provider of cost allocation plans, indirect cost rate studies, state mandated cost claims, and user fee studies in the United States. This acquisition has significantly expanded MGT's ability to provide a wide array of costing services to state and local governments. The Costing Services Division totals 20 professionals. There is no firm in the marketplace today that can offer a client the user fee expertise that MGT delivers. The client-first philosophy is ingrained in the fabric and history of both MGT and PRM.

The listing of clients served (please see below) are those of the MGT consultants currently with the firm and not, as may be represented by others, the product of former employees.

Our senior level consultants are recognized as national experts in their respective fields. In addition, most of our professionals have "walked in their clients' shoes" having worked in public service prior to starting their consulting careers. Our firm is small enough to provide personalized service with reasonable fees; yet, large enough to serve a national client base and exceed the requirements of the most sophisticated, demanding clients.

Following is a list of our user fee clients from the past five years inclusive:

CALIFORNIA USER FEE CLIENTS

- ❖ Agoura Hills
- ❖ La Habra
- ❖ Riverside County
- ❖ Antioch
- ❖ La Mesa
- ❖ Roseville
- ❖ Arcata
- ❖ Livermore
- ❖ Sacramento



- ❖ Calabasas
- ❖ Ceres
- ❖ Cupertino
- ❖ Daly City
- ❖ Dixon
- ❖ Emeryville
- ❖ Encinitas
- ❖ Folsom
- ❖ Fremont
- ❖ Irvine

- ❖ Long Beach
- ❖ Los Alamitos
- ❖ Los Gatos
- ❖ Modesto Dev Dpt.
- ❖ Newport Beach
- ❖ Orange County Fire
- ❖ Pittsburg
- ❖ Pleasanton
- ❖ Redlands
- ❖ Redondo Beach

- ❖ San Diego Engineering
- ❖ San Francisco
- ❖ San Mateo County Assessor
- ❖ Santa Ana
- ❖ Santa Barbara
- ❖ Santa Clara
- ❖ South Lake Tahoe
- ❖ Whittier
- ❖ Yuba City

RANGE OF EXPERIENCE

Mr. Wakefield has an extensive background working with local government. His 20 years of experience includes senior positions with three major consulting firms, all focused on governmental cost accounting. Mr. Wakefield is currently a Senior Consultant, having joined MGT in 2004 after leaving a senior position at Muni-Financial, a well known, California-based local governmental consulting firm.

Since joining MGT, Mr. Wakefield has served as co-director of the firm's user-fee projects, affording him extensive experience with the complex analysis of development related fee-for-service areas. He has a thorough understanding of the federal and state laws governing the cost analysis of user-fee-related services. Mr. Wakefield is a full-time employee and has completed hundreds of consulting engagements for local governments during his career.

PROFESSIONAL AND BUSINESS EXPERIENCE

Financial

Project Management. Mr. Wakefield has managed numerous large governmental user-fee projects during his 20-year career. His management experience includes projects for large governmental agencies such as San Jose, San Francisco, Anaheim, and Sacramento in California and many others.

Research and Statistical Background. Mr. Wakefield recently represented MGT and the City of Long Beach at legislative hearings at the State Capitol in Sacramento, California. The hearings were conducted by the state legislative committees determining pending legislation to the full cost analysis process to be adopted by state departments. Mr. Wakefield presented information related to the "best practices" adopted by large governmental agencies in the western United States.

Cost Allocation. Mr. Wakefield has completed cost allocation related projects for hundreds of governmental agencies over his career. He has managed projects for large governmental agencies such as Anaheim, San Francisco, Sacramento, and San Jose in California.

YEARS OF EXPERIENCE: 20

MGT of America, Inc.
Senior Consultant
Aug. 2007—Present

*Public Resource
Management Group LLC*
Senior Project Director
2004—July 2007

MuniFinancial
2000—2004

*David M. Griffith and
Associates, LTD*
1991—2000

EDUCATION/ CERTIFICATIONS

BS, Accounting,
University of Redlands

SPECIFIC REPRESENTATIVE EXPERIENCE

2004—Present: MGT: Mr. Wakefield is a senior member of the firm's cost accounting group. He is responsible for project management, direction, analysis and senior level consulting assignments. He is a recognized state expert in the full cost analysis of development related user fee services provided by local government. His clients have included some of the nation's largest local governments including: San Jose, Long Beach, San Francisco and Anaheim.

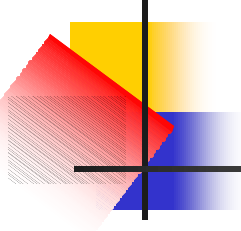
2000—2004: Muni-Financial: While at Muni-Financial, Mr. Wakefield held a number of senior positions. He was responsible for the development of the firm's cost allocation plan and user fee software.

1991—2000: David M. Griffith and Associates, LTD: Mr. Wakefield joined DMG as a junior level consultant and spent nine years working in all areas of cost analysis consulting. He left DMG as a Senior Project Manager to assist another firm in its initial efforts of building a cost accounting consulting practice



City of Lodi
Community Development, Building
Division.

Cost Analysis Study Findings



- **Fiscal analysis by project size**
- **Fully-burdened hourly rate calculations.**
- **Comparison analysis to regional jurisdictions**



Fiscal analysis by project size

- Valuation threshold: from \$500 upto \$1,000,000
- The results: The City's fees are set below cost, especially for low valuation projects.
- Actual cost recovery ranges from 23% to 93%.



Fully-burdened hourly rate calculations.

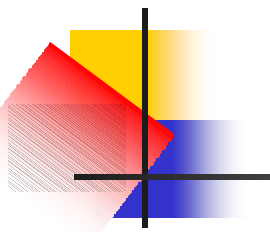
- The MGT rate model builds indirect costs into the division's hourly rate structure.
- The proper identification of labor hours as either "direct or indirect"
- Indirect labor – Supervisory or clerical
 - Cannot be traced to a specific unit of service
 - cannot be "billed"
- Direct labor - Plan check or inspection services.



Comparison analysis to regional cities

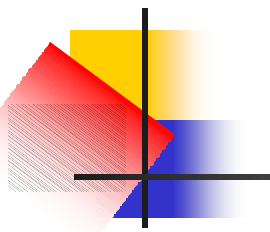
- Manteca
- Modesto
- Stockton
- Tracy
- Turlock
- Vacaville

Fiscal Analysis by Project Size



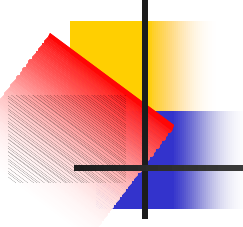
Sample Projects	Full Cost	Current Fee	Current Cost Recovery %
\$500 Valuation Project	\$457	\$105	23%
\$2,000 Valuation Project	\$685	\$148	22%
\$25,000 Valuation Project	\$1,151	\$833	72%
\$50,000 Valuation Project	\$1,628	\$1,371	84%
\$100,000 Valuation Project	\$2,273	\$2,116	93%
\$500,000 Valuation Project	\$9,887	\$6,884	70%
\$1,000,000 Valuation Project	\$14,950	\$11,939	80%

Cost Rate Calculation



Description of Cost	Total Cost	Allowable Indirect	Allowable direct
Personnel Cost	\$940,962	\$341,302	\$599,660
Operating Expenses	\$164,754	\$79,754	\$85,000
Total Cost	\$1,530,444	\$845,784	\$684,660

Comparison Survey - City of Lodi



Project Valuation	Lodi (Current Fees)	Manteca (Reviewing Fees)	Modesto (Reviewing Fees)	Stockton (Reviewing Fees)	Tracy (Reviewing Fees)	Turlock (Reviewing Fees)	Vacaville
\$2,000 Valuation Project	\$115	\$84	\$122	\$229	\$138	\$103	\$112
\$25,000 Valuation Project	\$646	\$571	\$533	\$1,290	\$662	\$578	\$872
\$50,000 Valuation Project	\$1,063	\$851	\$858	\$2,128	\$1,086	\$949	\$933
\$100,000 Valuation Project	\$1,640	\$1,312	\$1,305	\$3,280	\$1,663	\$1,464	\$1,422
\$500,000 Valuation Project	\$5,336	\$4,182	\$4,097	\$10,435	\$5,359	\$4,764	\$4,940
\$1,000,000 Valuation Project	\$9,255	\$7,275	\$7,100	\$18,089	\$9,278	\$8,270	\$8,558